

Message Text

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TAGS: ENRG, CA

SUBJECT: REACTION TO CANADIAN OIL POLICY MEASURES

REF: STATE 177848, CALGARY 311

1. ALBERTA REACTION TO WHAT IT TERMS "THE FEDERAL GOVERNMENT'S DECISION TO YIELD TO SHORT TERM POLITICAL EXPEDIENCY IN FORMULATING ENERGY POLICY" CONTINUES TO RUN HIGH, WITH THE GENERAL CONCLUSION THAT WHILE LIBERALS MAY HAVE BOUGHT FURTHER SUPPORT FROM NDP ON ITS ANTI-INFLATION PROGRAM, ITS OIL MEASURES HAVE GUARANTEED A HOT AND EMOTION-PACKED CANADIAN DEBATE, WITH QUEBEC, THE MARITIMES, AND ALBERTA EXPECTED TO OPPOSE THE FEDERAL GOVERNMENT'S POSITION.

2. ALBERTA MINISTERS DICKIE AND GETTY WILL FLY TO OTTAWA WEDNESDAY FOR PERSONAL CONFRONTATION WITH ENERGY MINISTER DONALD MACDONALD. PROVINCIAL GOVERNMENT LEADERS FEEL STRONGLY THAT OTTAWA HAS RIDDEN ROUGHSHOD OVER THE LEGITIMATE INTERESTS OF ALBERTA, AND THAT THE DECISION TO MAKE THE OIL POLICY ANNOUNCEMENT WITHOUT PRIOR CONSULTATION IS CONTRARY TO THE UNDERSTANDING REACHED AT THE CALGARY WESTERN ECONOMIC OPPORTUNITIES CONFERENCE FOR FULL AND EARLY DISCUSSION WITH PROVINCES.

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3. MINISTER OF MINES DICKIE TOLD THE REPORTING OFFICER THAT THE

"INSTANT POLICY MAKING" OF THE FEDERAL GOVERNMENT COULD SERIOUSLY HURT ALBERTA IN TWO WAYS: (A) THE OIL PRICE FREEZE COULD MEAN A SUBSTANTIAL LOSS TO THE PROVINCIAL TREASURY; AND (B) THE FUTURE OF OIL EXPLORATION AND DEVELOPMENT IN CANADA'S WEST AND NORTH WOULD BE SERIOUSLY THREATENED. DICKIE STATED THAT THE ATHABASCA TAR SANDS PROGRAM MIGHT BE DELAYED SUBSTANTIALLY IF OIL FIELD PRICES ARE NOT PERMITTED TO RISE. HE SAID MASSIVE INVESTMENT IS NEEDED FOR THE PROJECT, AND THE FEDERAL ANNOUNCEMENT OF PRICE FREEZE COMES AT A MOST INOPPORTUNE MOMENT AS THE ALBERTA GOVERNMENT IS STRIVING TO ENCOURAGE FOREIGN AND DOMESTIC CAPITAL TO PARTICIPATE IN THE DEVELOPMENT OF THE TAR SANDS.

4. THE ITEM CONSIDERED LEAST LIKELY OF SUCCESS IS THE MONTREAL PIPELINE. THE CONSENSUS OF OPINION IN CALGARY OIL CIRCLES IS THAT THE PHYSICAL MEANS OF GETTING ALBERTA OIL TO MONTREAL COULD TAKE UP TO THREE YEARS. TRUDEAU'S STATEMENT IMPLIES THAT MONTREAL WOULD BECOME THE PRICE BASING POINT FOR WESTERN CANADIAN OIL INSTEAD OF THE PRESENT POINTS OF ONTARIO AND THE UNITED STATES GREAT LAKES.

5. ALBERTA MPS ARE PLANNING TO PUSH FOR THE UNITED ACTION OF THE PROGRESSIVE CONSERVATIVE PARTY AGAINST THE FEDERAL GOVERNMENT'S OIL ANNOUNCEMENTS. THEY ARE NOT, HOWEVER, OPTIMISTIC ABOUT CONVINCING PC LEADER STANFIELD TO TAKE A FORCEFUL STAND ON THIS ISSUE. SOME ALBERTA MPS FEEL THAT STANFIELD, WHO IS CELEBRATING HIS SIXTH YEAR AS PARTY LEADER, WILL SPEAK SOFTLY ON THE ISSUE TO AVOID ALIENATING PUBLIC SENTIMENT IN ONTARIO. THEY FEEL THIS COULD LEAD TO AN IN-PARTY CONFRONTATION BETWEEN STANFIELD AND ALBERTA'S PREMIER PETER LOUGHEED.

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